

The proposed legislation will require residential subdivisions, creating 30 or more lots with an average lot size less than 3 acres, to install a public water and sewer system to serve the development.

This legislation is not necessary and will be detrimental to the State for the following reasons.

1. The decision of whether a public water or sewer system is necessary for a particular development should remain with the local governing body and the Department of Environmental Quality.
2. The requirement that central water and sewer systems be installed will increase the cost of development at a time when the economy is not doing well, and affordable housing is of particular concern in our communities.
3. To keep lot prices low, and avoid the costs associated with central water and sewer systems, developments will, more than likely, create lots greater than 3 acres in size, or create subdivisions with fewer than 30 lots.
4. In areas of the state that are in "closed basins" as far as water rights are concerned, if a developer wanted to pursue a subdivision with more than 30 lots, less than 3 acres in size, they would need to augment the surface or groundwater supply from which water was withdrawn for domestic use, to obtain the required beneficial use permit from the DNRC. Thus, a developer would most likely subdivide irrigated farm land, or purchase water rights from other agricultural lands. This would obviously take the most productive land out of agricultural production.

Let me make a few additional comments about these items.

Under the current law, the local governing body can make installation of a central water or sewer system a condition of subdivision plat approval. This is the way it should remain. The State of Montana is a very large and diverse state. The conditions in Custer County are different from those in Flathead County. Those in Valley County are different from those in Gallatin County. Whether there is a need for a development to install a central water or sewer system is best determined by the local governing body, because they are most familiar with local needs and local environmental concerns.

The requirement for central water and sewer systems will increase the cost of development at a time when the economy is not doing well, and affordable housing is of particular concern in our communities. The short term, and long term costs of central water and sewer systems serving small developments is greater than individual systems.

Section 76-3-622(4) ostensibly provides the option for a developer to propose an alternative to public water and sewer systems. However, at the very least, preparation of the required documentation will add substantial cost to a project, and could allow frivolous arguments or lawsuits to delay a project, thus adding additional, and unnecessary cost to a project.

The cost of an individual well & septic system would probably be in the neighborhood of \$10,000 per lot. There are some variables such as to depth of water, home size, soils, etc., that affect the total cost. However, the cost of a central water & sewer system is much higher. Are you connecting to an existing system or does a treatment plant need to be built? The cost of the collection and distribution infrastructure, such as pipelines, service lines, valves, manholes, hydrants, impact fees if your connecting to an existing system, all add to the cost of a central system. The cost per lot could easily be \$20,000 - \$30,000 per lot minimum. The monthly utility costs associated with a central system are also greater than with an individual system. If a treatment plant is necessary, the costs will be significantly higher still.

Efficient use of land for development will lose out if this bill becomes law. In many cases, the net effect will be subdivisions of 29 lots or less, or lot sizes over 3 acres in size.

It makes sense in many cases for residential lots to be smaller, rather than larger because of more efficient land use, less sprawl, etc. However, the decision on whether central water and sewer systems are to be required should remain at the local level, where local knowledge makes for better decisions

Also, putting a high development premium on agricultural lands with water rights isn't in the best interest of agriculture. There is already significant price pressure on agricultural lands to be converted to subdivisions. If developments' need for water rights to be used for augmentation is increased, which will happen in closed basins, the pressure to convert irrigated agricultural lands to subdivisions, or the purchase and separation of water rights from agricultural lands, will increase.

Approval of a beneficial water use permit in a closed basin, even with augmentation, isn't guaranteed. Of the 10 or more beneficial water use permit applications submitted over the past two years, it is my understanding that no permits have been granted by DNRC for developments in closed basins where augmentation has been proposed. The extremely high cost to go through the beneficial use permit process (typically more than \$50,000 to \$75,000), the long delays, and unpredictable outcome, are all dis-incentives to this process.

In summary, the decision of whether to require a central water or sewer system in a new development should stay with the local governing body. During this time of economic uncertainty we shouldn't increase the costs of providing residential lots for the citizens of Montana. We shouldn't enact laws that will drive inefficient land use, and take productive land out of agricultural use.

Respectfully submitted by:

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